STATEMENT OF PURPOSE

RS18539

The objective of this bill is to relieve the small business owners of the onerous task of performing an annual inventory of personal property and submitting it to the County Assessor, when it is obvious that the $100,000 exemption will apply and the business owes no personal property tax to the county. The small business (in terms of taxable personal property) can simply file an affidavit on the Tax Commission form, if the conditions are satisfied, and be relieved of an annual inventory of all personal property to be filed. The bill provides penalties for fraudulent application, which may not exceed $10,000 per year. The County Assessor is provided rights to verify by inspection, disallow the claimed exemption and assess penalties. An appeal is permitted to the Board of Tax Appeals. A lien on the personal property (IC 63-206) may be established by the Assessor. This bill also establishes that the implementation of the personal property tax exemption ($100,000) will not occur until the state controller certifies that receipts to the general fund for the last fiscal year, exceed by 5% or more the 2008 fiscal year receipt.

The personal property tax exemption bill from the 2008 legislative session contained some technical errors that are corrected by this bill. The bill:

- Clarifies that the exemption becomes effective the year following the year the State Controller certifies the required increase in the general fund.
- Corrects the calculation for reimbursement to urban renewal districts of revenue that would have come from the exempted personal property.
- Removes a duplicative provision requiring inclusion of reimbursements in the calculation of budget limits to prevent double counting.
- Required inclusion of the exempt personal property in taxable value for levy setting.

FISCAL NOTE

There is no additional cost to the General Fund.

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